

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In Re:

Case No.: 20-10809 (DSJ)

P8H, INC. d/b/a PADDLE 8,

Chapter 11

Debtor.

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**STIPULATION AND ORDER AMONG THE CHAPTER 11 TRUSTEE, THE  
UNSECURED CREDITORS COMMITTEE, AND PETER R. RICH TO PERMIT  
INSURER TO PAY DEFENSE COSTS OF PETER RICH COVERED BY  
DEBTOR'S INSURANCE POLICY**

**WHEREAS**, on March 16, 2020 (hereinafter, the "Petition Date"), P8H, INC. d/b/a PADDLE 8 (hereinafter, the "Debtor") filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York; and

**WHEREAS**, on September 16, 2020, the Official Committee of Unsecured Creditors of the Estate of the Debtor commenced an adversary proceeding against Peter Rich, Docket No. 20-01081, alleging, inter alia, that he breached fiduciary duties that he owed to creditors (hereinafter referred to as the "Adversary Proceeding Action"); and

**WHEREAS**, prior to the Petition Date, the insured Debtor, purchased Policy No. DOH021158466 (hereinafter referred to as the "Insurance Policy"), with a limit of liability for directors and officers, including a coverage amount up to \$1,000,000.00 U.S. dollars with no deductible. The Insurance Policy covers the Debtor as well as its directors and officers. In addition, the Insurance Policy entitles Debtor's directors and officers to reimbursement of certain costs, charges, fees (including attorney's fees and expert fees) and similar expenses incurred in connection with defending and investigating claims against the Debtor's directors and officers (such costs, charges, fees and expenses, in each case as and to the extent reimbursable under the

applicable insurance policy, hereinafter collectively referred to as “Defense Costs”); and

**WHEREAS**, the Insurance Policy was issued by CFC Underwriting Limited (hereinafter, the “Insurer”). The Insurance Policy was effective from May 1, 2019 to May 16, 2020 (extended from May 1, 2020 by the Extension Endorsement) and Peter Rich was a Director of the Debtor from January 14, 2019 until April 20, 2020 and is insured pursuant to the Insurance Policy; and

**WHEREAS**, Peter Rich has submitted the Adversary Proceeding Action to the Insurer as a claim under the Insurance Policy and, subject to a complete reservation of rights, the Insurer has agreed to advance Defense Costs on account of Peter Rich to his counsel in relation to the Adversary Proceeding Action; and

**WHEREAS**, Megan E. Noh, as Chapter 11 Trustee of the Debtor, has no objection to the payment of Defense Costs to Peter Rich’s counsel on the terms and conditions of this Stipulation.

It is hereby **STIPULATED AND AGREED** that this Court’s so-ordering of this stipulation reflects its approval of the Insurer’s payment of Peter Rich’s Defense Costs in accordance with the Insurance Policy and this Stipulation. Insurer may make payments equaling eighty percent (80%) of the total of Peter Rich’s Defense Costs based on the invoices submitted to the Insurer from Peter Rich’s counsel during the course of the Adversary Proceeding and/or related proceedings; and

It is further **STIPULATED AND AGREED** that the Insurer shall hold back and reserve the remaining twenty percent (20%) of the value of the Defense Costs based on the invoices from Peter Rich’s counsel during the course of the Adversary Proceeding and/or related proceedings (hereinafter referred to as the “Reserved Defense Costs”); and

It is further **STIPULATED AND AGREED** that Peter Rich’s counsel shall notify Pryor Cashman LLP, the Attorneys for Megan E. Noh, the Chapter 11 Trustee (hereinafter, the

“Trustee”), when invoices are submitted for payment to the Insurer during the course of the Adversary Proceeding, and/or related proceedings, and inform the Trustee solely of the total amount of each invoice submitted to the Insurer; and

It is further **STIPULATED AND AGREED** that Peter Rich’s counsel may make an application to the Court at the conclusion of the Adversary Proceeding and/or related proceedings for final approval of all fees paid and for the payment of the Reserved Defense Costs, and such application will be brought on notice with an opportunity to be heard; and

It is further **STIPULATED AND AGREED** that the details of the process for the submission of such application to the Court by Peter Rich’s counsel for payment of the Reserved Defense Costs will be agreed upon by the undersigned counsel at a later date, but such agreement will provide appropriate protections for the preservation of legal privileges and confidentiality with regard to the invoices from Peter Rich’s counsel; and

It is further **STIPULATED AND AGREED** that the automatic stay is hereby modified pursuant to Section 362 of the Bankruptcy Code to permit Insurer to pay Defense Costs on account of Peter Rich to his counsel in the Adversary Proceeding, pursuant to the terms and conditions of the Insurance Policy and this Stipulation.

*[Signature Page Follows]*

**CONSENTED TO BY:**

**Law Offices of Richard J. Corby PLLC**

*/s/ Richard J. Corby*

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Of Unsecured Creditors of the Estate of  
P8H, Inc. d/b/a Paddle 8*  
Dated: March 18, 2021

**PRYOR CASHMAN LLP**

*/s/ Richard Levy, Jr.*

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Attorneys for *Megan E. Noh, the Chapter 11  
Trustee*  
Dated: March 18, 2021

**ROSALYN MALDONADO P.C.**

*Rosalyn Maldonado*

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Attorney for *Peter Rich, CPA*

Dated: Valley Stream, New York  
March 18, 2021